

## **Assessing payment adequacy and updating payments: home health**

**ISSUE:** Are Medicare payments for home health care services adequate in 2005?

**KEY POINTS:** Our two previous discussions of this topic included four factors that provide information about the adequacy of payment: beneficiary access to care, quality of care, supply of home health agencies, and changes in volume. We found that:

- Most beneficiaries have good access to care, though some continue to experience difficulties.
- Quality of care has shown a slight improvement.
- The number of certified home health agencies has increased recently.
- The number of episodes increased while services per episode continued to decline slightly.

We also discussed the current financial performance of home health agencies and projected payments and costs in the coming years.

We raised questions regarding the structure of the payment system and outlined some directions for additional work on this issue.

**ACTION:** Staff seeks the Commission's assessment of the available information to finalize a recommendation regarding the update factor for 2006.

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